



NOV 23 2005

The Honorable Rick Perry
Governor of Texas
Post Office Box 12428
Austin, Texas 78711

Dear Governor Perry:

We are pleased to be able to respond positively to your request for waivers to help you respond to the workforce and employer needs created by the recent hurricanes. This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and sections 8-10 of the Wagner-Peyser Act. The request is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and appears to meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the state's submission (copy enclosed).

Requested Waiver 1: Waiver of the language that limits the authority to provide the activities identified in WIA section 134 to the state.

Texas currently has an approved waiver that permits local areas to request the use of up to 25 percent of local area formula allocation funds to provide statewide employment and training activities. The state is now seeking even more flexibility in the use of local funds. Accordingly, we are granting a waiver of the language that limits the authority to provide the activities identified in WIA section 134 to the state. This will permit local areas to request the use of up to 100 percent of local area formula allocation funds to provide statewide activities. The waiver applies to local workforce areas directly impacted by Hurricane Rita and to local areas serving individuals affected by Hurricane Katrina. Under the waiver, local areas granted this flexibility by the Governor must continue to conduct the required local employment and training activities at WIA section 134(d). In addition, the state must continue to meet the performance and reporting requirements applicable to local area funds.

Requested Waiver 2: Waiver to permit the state to develop more flexible recapture and reallocation policies.

The state currently has an approved waiver of 20 CFR 667.160 to permit the state to implement a more flexible reallocation policy. In light of the recent disasters, the state is now seeking additional flexibility in this area. Accordingly, we are approving a waiver of the reallocation provisions at WIA sections 128(c)(2) and 133(c)(2), and 20 CFR 667.160. Under the waiver, the state is permitted to implement the following features: 1) mid-year

deobligation and reallocation of local area funds; 2) recapture of funds from local areas that have not expended at least 80 percent of their local funds in the first year; 3) use of recaptured funds for statewide activities or reallocation to other eligible local areas; 4) use of additional factors in determining local area eligibility for a reallocation of recaptured funds, including demonstrated need and ability to use additional funds.

Requested Waiver 3: Waiver of the required 50 percent employer match for customized training.

The state currently has an approved waiver of WIA section 101(8)(C) to permit local areas to offer a sliding scale employer match. This should be particularly useful for businesses impacted by the hurricane and those training hurricane-affected individuals.

Requested Waiver 4: Waiver of the limitation on the use of funds for capitalization of businesses at WIA section 181(e).

The state is seeking this waiver to apply to areas of Texas directly impacted by Hurricane Rita. Accordingly, we are approving a waiver of this provision to permit WIA funds to be used to capitalize a small business up to \$5,000. Under the waiver, this activity must be conducted in concert with entrepreneurial or microenterprise training for the individuals benefiting from the capitalization.

Requested Waiver 5: Waiver of the requirement that local programs provide each of the ten youth program elements at WIA section 129(c)(2) as options available to youth participants.

We are granting this waiver to provide flexibility in services to hurricane-affected youth. Such a waiver will allow local areas to focus on the youth services most needed.

Requested Waiver 6: Waiver to permit the use of Individual Training Accounts (ITAs) for youth participants.

We note that the state currently has an approved waiver of the prohibition on the use of ITAs for older and out-of-school youth at 20 CFR 664.510, through June 30, 2007. Hurricane-affected youth may be served under this waiver.

Requested Waiver 7: Waiver of WIA section 129(c)(2)(I) and 20 CFR 664.450(b) that requires all youth participants to receive some form of follow-up services for a minimum duration of 12 months.

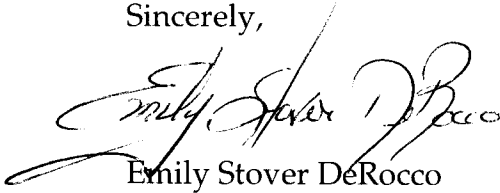
The state indicates that many youth participants displaced by the hurricane may receive services in temporary locations and return to their homes or move to new locations.

Accordingly, we are granting a waiver of 20 CFR 664.450(b). This waiver applies only in cases where the 12-month requirement for follow-up services cannot be met due to the movement of hurricane-impacted youth out of a local area.

The waivers are approved through June 30, 2007. The precise programmatic and performance outcomes for the granted waivers will be negotiated with the ETA Regional Office within the next three months. The granted waivers are incorporated by reference into the state's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and constitute a modification of the state's approved two-year strategic plan. A copy of this letter should be filed with the state's WIA Grant Agreement and the state's approved two-year strategic plan, as appropriate.

We hope that these waivers will be of use to you during this time of crisis. We are prepared to entertain other state and local level waiver requests that you may wish to submit, consistent with the provisions of the WIA statute and regulations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Emily Stover DeRocco", is written over a horizontal line.

Emily Stover DeRocco

Enclosure